

SUNRISE FOOD STORES

BRIEF BACKGROUND

Chain currently has 22 stores.

As 1995 came to an end, the chain's internal commitment was to cut back on counter displays, at that time PM had three displays and RJR had two, for a total of five displays.

Sold chain on utilizing parity display program, two displays for RJR and two for PM, which would reduce the total displays by one. PM committed to the plan and prior to implementation withdrew their agreement. At that time they were told either go with the plan or they would be eliminated from it, they decided to go with it. (This also became a good proof source for the area)

In the past year, the chain has opened two new stores. In the new stores they have not made space and do not wish to participate in the display program with either co.

1995 Average store cartons per week 122, 31 of which is RJR

1996 Average store cartons per week 147, 34 of which is RJR

	<u>1995 Base Shares</u>	<u>1996 Ending Shares</u>	<u>Net Change</u>	<u>Buffalo 4th/96 Gas/Cnv SOM</u>
RJR FP SOM	17.45%	13.81%	- 03.64%	19.56 (-5.75)
RJR SOS	53.99%	50.71%	- 03.28%	36.94 (+13.77)
RJR SOM	25.46%	23.80%	- 01.66%	24.04 (-.24)
Camel SOM	4.50%	4.91%	+ 00.41%	7.27 (-2.36)
Doral SOM	6.47%	5.50%	- 00.97%	

Overall RJR share is trending down. Full price SOM trending down while Camel is trending up, although it remains below the region average. RJR Savings/Doral is trending down as well.

Industry shares ending '95 vs. '96

Full Price	+1.34%	RJR FP was down
Brd Sav	- 1.34%	RJR overall Savings was down
PL/BW	+0.49%	

Profitability '95 vs '96

1995 profit per carton = \$3.69 vs. 1996 profit per carton = \$2.62 DOWN \$1.07 per carton.

RJR made less/spent more with no SOM increase other than Camel with a .41% share increase.

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3 P's

PRESENCE

1 RJR Full Price Display (16 Facings)

1 RJR Savings Display (24 Facings)

Parity with Competition

PM supplied OPM's with no advertising as OPM is placed behind a soffet

Very limited advertising with all companies, shared door decals and banners authorized with promotions.

PROMOTIONS

During heavy PM promotional periods, RJR has not been able to match due to lack of PLU's available. RJR has relied on the Retail Rep support for coupon placement. In 1997 they have made two PLU keys available, therefore we can match full price to full price OR savings to savings buydowns, but where PM runs Marlboro and Basic we will be severely disadvantaged as all keys will be taken. KEY is to set up the buydown time period prior to PM presenting theirs to lock the keys up, but then we would be running the buydown naked.

Ongoing Gap is an issue without coupons as chain currently does not use VPR's, currently working with chain to work through VPR issues.

Discuss and review quarterly promotions in months prior to quarter.

Address discounting monthly to address marketplace needs.

PRODUCT AVAILABILITY

RJR has distribution/authorization on all key brand styles in all locations.

Accepts all new brand styles on every occasion.

Allows distribution to address any needs. (ie. new brands, buydown period etc.

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Business Analization/Category Advisor

Chain considers RJR and PM as their Category Advisors.

Chain looks to RJR as the Trade Educator on legislative and current issues
(ie. Native American Indians)

Perform quarterly reviews - prior years quarter vs current years quarter to
compare like time periods and discuss business issues/opportunities.

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ISSUES/ OPPORTUNITIES**1. Grow RJR Share of Market?**

Grow Full Price

Maintain/Grow Camel

Grow Doral

CONCERNS:

Example 4th qtr. 1995 vs. 4th qtr. 1996 overall industry volume up +13.0% with Full price volume being up 24.5% or 4,650 cartons.

RJR Full price volume was up 6% or 225 FP cartons while PM Full Price volume was up 31.2% or 3,897 cartons.

RJR SOM = 22% vs. PM SOM = 61%

RJR FP SOM = 16% vs. PM FP SOM = 68%

RJR SOS = 50% vs. PM SOS = 29%

Chain has been told by PM that they are their highest SOM account in the marketing area.

2. Continue with business analysis as chain is interested in the cigarette store concept.
3. Utilize monthly distributions or chain personnel to sticker product to address GAP issues.

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RJR

**2nd Quarter 1997
Promotions**

SUNRISE FOOD STORES

April

Red Kamel Display 4 ctn

6mo. Display w/ POS

W/O 4/07/97

Doral Box 100 B1G1 Free

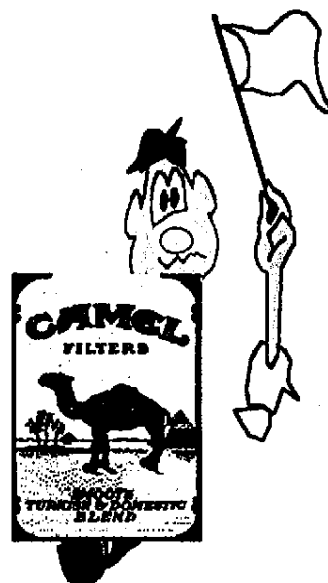
W/O 4/07/97

Doral B2G Free Lighter

W/O 4/14/97

Camel Menthol B1G1 Free

W/O 4/28/97



May

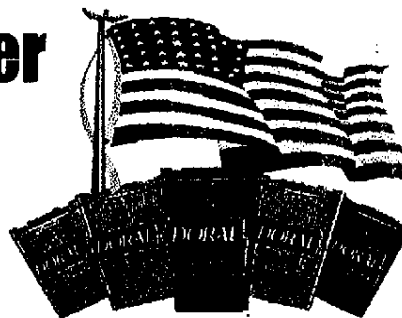
Camel B2 get a Free Lighter

W/O 5/05/97

June

Doral Buy 2 get 1 Free

W/O 6/02/97



ACROSS AMERICA

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